

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 26, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-52
Agreement to Grant \$1,925,000 IGA to Multnomah County for the Purpose of Constructing a Crisis Assessment and Treatment Center Within The David P. Hooper Detoxification Center

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6798

ACTION SUMMARY

Authorize Executive Director to negotiate and execute an Intergovernmental Agreement with Multnomah County to grant an amount not to exceed \$1,925,000 for the purpose of constructing a Crisis Assessment and Treatment Center within the David P. Hooper Detoxification Center in the Central Eastside urban renewal area. The renovation will expand the services to include a 16-bed Crisis Assessment and Treatment Center.

PUBLIC BENEFIT

The renovated Hooper Center will address a long identified need for a mental health sub-acute facility in our community.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

In 2006 Portland City Council adopted amendments to the Central Eastside Urban Renewal Area which included increasing the maximum indebtedness. As part of this action a citizen/stakeholder committee developed a list of priority investments which included a \$2,000,000 investment in the David P. Hooper Detoxification Center.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

This action is consistent with priority investments in the 9th Amendment to the Central Eastside Urban Renewal Plan.

FINANCIAL IMPACT

The annual debt service payments on the CES line of credit will depend on amounts drawn by the Commission each year. Typically, interest is paid on outstanding line credit balances until the lines are refinanced with long-term urban renewal and redevelopment bonds. Debt service costs are expected to be paid from tax increment revenues of CES URA. Current tax increment revenue projections show that there is sufficient tax increment proceeds to service the line of credit increase proposed.

RISK ASSESSMENT

If approved by the Commission, the Council will take action on an Ordinance to authorize the additional bonds in May 2010, at which time a 30-day referral period will begin. If during the referral period, written petitions signed by at least six percent of the City's electors are filed with the City auditor, any bonds for the urban renewal area could not be issued unless approved by the voters.

WORK LOAD IMPACT

There will be some additional work for PDC's legal department and the Director of Governmental Relations to assist in the development of the IGA.

ALTERNATIVE ACTIONS

The Commission may choose not to permit the Executive Director to enter into an IGA with Multnomah County; or may request the IGA be completed prior to any Board action.

These alternatives are not practical given the priority of the project and the timing of other financing, such as New Markets Tax Credits, needed to complete the financial structure.

CONCURRENCE

Staff of the Commission has worked closely with Multnomah County and the Mayor's Office to determine timing of actions. Entering into an IGA structure is supported by the PDC Executive Director and PDC General Counsel.

BACKGROUND

In 2006 Portland City Council adopted amendments to the Central Eastside Urban Renewal Area which included increasing the maximum indebtedness. As part of this action a citizen/stakeholder committee developed a list of priority investments which supported the use of the new indebtedness. A \$2,000,000 investment in Hooper was one of those project priorities. The investment was suggested by Multnomah County and is high priority for both the County Board of Commissioners and the Portland City Council. The investment was originally forecasted for fiscal year 2012-13.

However, recent events over the past few years involving mentally ill individuals have demonstrated the community's need to strengthen the mental health services provided in

Portland. This added urgency to the timing of renovating the Hooper facility and adding this important additional service for crisis assessment and treatment. In conversations with the Mayor's Office and the County Chair's Office, PDC agreed to accelerate the investment in order for the facility to open in 2011.

PDC provided an advance of \$75,000 on the \$2,000,000 in FY 2008-09 for predevelopment work on the project.

The projects hard cost sources are as follows:

Sources

| | |
|---|----------------|
| PDC/Tax Increment | 2,000,000 |
| New Market Tax Credits | 1,415,000 |
| State of Oregon Addictions and Mental Health Dept | 1,000,000 |
| Multnomah County | <u>844,000</u> |
| | \$5,259,000 |

See Resolution 6799 for financial and budget details.